

# **A PERMANENT ECONOMIC ENGINE IN NORTH CENTRAL MISSOURI:**

## **A Project to Address the Most Acute Water Shortage in Missouri While Opening Vast Economic Opportunity**

### **EAST LOCUST CREEK RESERVOIR**

**North Central Missouri Regional Water Commission**

**By**

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### **EAST LOCUST CREEK RESERVOIR**

**An Economic & Environmental Engine in North Central Missouri**

The State of Missouri has undertaken a series of regional meetings to make priority judgments about where to invest State time, energy and resources in order to advance Missouri's standing in pursuit of sustainable 21<sup>st</sup> Century jobs. This deliberate undertaking seeks to create a consensus about where taxpayer dollars should be directed in order to attract investment, entice corporations to locate in Missouri and to promote entrepreneurship in new and sustainable markets. As laudable as these goals are, in the Green Hills Region of North Central Missouri, there is an opportunity to direct effort and resources toward a project that will create vast economic opportunity serve as an economic engine for over 100 years and address an acute water shortage...the story gets better. The majority of the \$52 million project is funded by the federal government (\$29 million) with much of the rest funded by the North Central Missouri Regional Water Commission (\$23 million). However, the project needs help.

An economic impact analysis establishes a \$22 million economic impact in the first 6 years of the project (construction and development phase) with a \$2.6 million annual economic impact after that while creating 1,969 jobs. In addition, once constructed the Reservoir will eliminate acute and chronic water shortages and assistance from the State will no longer be sought with frightening regularity.

The East Locust Creek Reservoir in Sullivan County Missouri is underway, but in order to succeed it will require unparalleled cooperation from the Local, Federal and especially the State level. The State Departments of Conservation (MDC) and of Natural Resources (DNR) both have oversight responsibilities and programs that can be brought to bear to push the project beyond the tipping point toward success. In addition, several project elements would qualify for Community Development Block Grant funds from the Department of Economic Development. Finally, State and County highways and

bridges will need to be relocated or constructed to support the Reservoir with the aid and support of the Missouri Department of Transportation.

While not near as sexy and investing in energy or IT, constructing the East Locust Creek Reservoir will open vast opportunity for an entire Region by simply assisting the Region in securing a reliable source for water.

### **Addressing A Dire Need; Creating Jobs & Opportunity**

The topography, geology, and annual rainfall of the Green Hills Region of Missouri, in which Sullivan County resides, creates the unfortunate circumstance that has left it and surrounding counties with a water supply shortage. In Sullivan County that water supply shortage can be described as acute. For decades Sullivan County suffered from a series of dry years to drought conditions. With the support of Missouri's Department of Natural Resources (DNR) a "Regional Solution" was prescribed in the form of a 2,235 acre Reservoir to provide approximately 7 million gallons of water a day to Regional water consumers in the 10 counties surrounding Sullivan County.

In addition to the critical water provided to citizens, the Reservoir is projected to create \$22 million in economic impact over the 6 years of construction and 831 jobs. Over the life of the Reservoir it is projected that \$49 million in economic impact and 1,969 jobs will be created, much of that derived from the 72,000 annual days of recreation demand. Finally, the project will run a 2.6 million sewer line from "un-served" Pollock to Milan.

The East Locust Creek Reservoir Project was authorized for construction by the United States Department of Agriculture's Natural Resources Conservation Service in partnership with the North Central Missouri Regional Water Commission. The \$53 million project will be split between the NRCS (\$30 million) and the local share (\$23 million).

On April 6, 2010, Sullivan County, one of the most economically challenged counties in the State, placed on the ballot a ½ cent retail sales tax increase for the purpose of partially funding the local share of the project. 81.25% of voters supported the ballot issue. These funds combined with an as yet determined water fee increase will fund the local share of the project. Augmenting these funds will be revenue derived from a benefit district wrapped around the Reservoir providing for debt service, environmental mitigation or operational dollars.

In addition to providing for an acute water shortage and creating economic opportunity, the Reservoir will incorporate a "Smart Lake Design" that will improve the eco-system of the East Locust Creek Watershed and significantly restore wetlands and streams feeding into and emanating from the East Locust Creek Reservoir.

While NRCS is the oversight agency, the Water Commission will own and operate the Reservoir. As such, the Water Commission desires to place property boundaries as close to the water's edge as practicable, thereby creating a lasting economic engine for Sullivan County. It will be a public Reservoir that will look, act and economically perform like a private lake.

### **A Basic Need and a Strategic Investment**

The East Locust Creek Reservoir is undertaken to address an acute water shortage in North-Central Missouri. It represents the ultimate solution in providing a sustainable water source that will aid in meeting increasing water standards and needs. Second, heavy or light commercial industry expansion is impossible in the Region unless a new raw water source is found. Third, the Reservoir provides for significant flood control benefits. Finally, it provides for a recreational outlet and follow-on development. All of these benefits, combined, lead to an enhanced quality

of life. A significant beneficial impact is the economic generation that will occur from both the construction and long-term operation of the Reservoir. Some of those benefits are contained and quantified herein. These statistics are taken from a September 2005 Economic Impact joint study undertaken by the National Resource Conservation Service and the Missouri Department of Natural Resources.

While the economic impact from recreational activities stands out as an economic generator, what is as significant is the immutable fact that this Region cannot expect existing industry expansion or new industry location unless a new raw water resource is secured.

### **Economic Benefits To Green Hills Region from East Locust Creek Reservoir**

#### **Regional Impact During Period of Construction**

	6 Year Period of Const.	Annually	Jobs
Dam & Res Construction -	\$18,972,233	\$3,782,800	681
Water Supply Construction -	\$2,254,448	\$449,500	84
Recreation facilities -	\$1,672, 541	\$335,500	66
Total	\$22,899,222	\$4,567,800	831

#### **Value Added Impact to the Region**

	100 Year Life	Annual	New Jobs
Recreational Activities* -	\$32,555,294	\$1,759,200	1,157
Industry Expansion** -	\$15,336,134	\$828,700	766
Dam Op. & Maint.-	\$801,418	\$43,300	30
Rec. Facil. Op. & Maint. -	\$436,622	\$23,600	16
Total	\$49,129,468	\$2,654,800	1,969

\*Based on unmet demand for recreation - 72,035 user days of different recreational activities

\*\* Without more raw water supply Farmland in Milan cannot expand its operations.

<b><u>Total Annual Flood Damage Reduction</u></b>	<b>\$265,500</b>
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\*Value Added Impact is defined as employee compensation, proprietary income, property type income and indirect business taxes and is quantified in dollars.

#### **Unleashing State Support to Achieve Success**

While the East Locust Creek Reservoir was given rise with both the aid and assistance of the Department of Natural Resources (DNR), the project has received very little State financing. Officials from DNR and the Missouri Department of Conservation (MDC) have been most helpful in providing support and technical assistance. The Department of Economic Development has been involved in Water Commission projects, but has not been brought into the Reservoir project. The Missouri Department of Transportation has been most responsive in reviewing project plans, for roads will need to be moved. However, the ability of all of these departments to provide technical as well as financial support could be substantially enhanced, if the project were designated to be an economic development priority.

In the months and years ahead the project will face many challenges. Some of those challenges will be financial and others regulatory. The State of Missouri can play a central role in both areas. It can more actively participate with project leaders. It can offer financial support. It can stream-line several avenues of regulatory approvals. It can vigorously and steadfastly support the project as permits and approvals are sought from the federal government including the Corps of Engineers, the Environmental Protection Agency and the US Fish and Wildlife Service.

### **SUPPORT FROM THE STATE OF MISSOURI**

- Designation as an Economic Development Priority
- Continued Support from the Department of Natural Resources
- Continued Support from the Missouri Department of Conservation
- Consideration for support from Missouri Department of Transportation
- Consideration for support from Missouri Department of Economic Development, Community Development Block Grant.
- Assistance with Mitigation Permitting Process
- Assistance in the Establishment of a Benefit District Surrounding the Reservoir

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